

SEP 25 1978 - 12 30 PM

INTERSTATE COMMERCE COMMISSION

THE ROCK

September 18, 1978

RE: LEASE OF RAILROAD EQUIPMENT DATED MAY 1, 1971.
LEASE ASSIGNMENT AGREEMENT DATED AS OF JULY 1, 1978,
BETWEEN WILLIAM M. GIBBONS, TRUSTEE OF CHICAGO,
ROCK ISLAND AND PACIFIC RAILROAD COMPANY, UNITED
STATES OF AMERICA, AND UNION PACIFIC RAILROAD
COMPANY. RECORDED AS DOCUMENT NO. 6283.

Interstate Commerce Commission
Washington, D. C. 20423

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c)
of the Interstate Commerce Act, as amended, are ~~six~~ FIVE RBC
executed counterparts of Lease Assignment Agreement
dated as of July 1, 1978, which is a supplement to
the above Lease.

A general description of the railroad rolling stock
covered by the Assignment is freight cars bearing
RI or ROCK numbers as set forth in Exhibit B hereto.

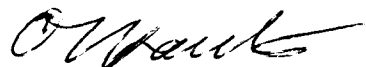
The undersigned is an executive officer of William M.
Gibbons, Trustee of Chicago, Rock Island and Pacific
Railroad Company mentioned in the enclosed documents
and has knowledge of the matters set forth therein.

Please return five executed counterparts of the Assignment
with the recording information stamped thereon to
me by mail at 332 South Michigan Avenue, Chicago,
Illinois 60604.

Also enclosed is a check payable to the Interstate
Commerce Commission covering the required \$10 recordation
fee.

WILLIAM M. GIBBONS, TRUSTEE OF
CHICAGO, ROCK ISLAND AND PACIFIC
RAILROAD COMPANY

By



O. L. Houts
General Solicitor

OLH:dln
Enclosures

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ICC Washington D.C.

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LEASE ASSIGNMENT AGREEMENT

INTERSTATE COMMERCE COMMISSION

LEASE ASSIGNMENT AGREEMENT (hereinafter called "Lease Assignment")

dated as of July 1, 1978, 1978, among William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (such trustee in his capacity as trustee, together with his successors or assigns, being hereinafter called "Trustee"), the United States of America ("United States"), represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration or his designee ("Administrator"), and Union Pacific Railroad Company ("Lessor").

WHEREAS, Lessor and Chicago, Rock Island and Pacific Railroad Company, a Delaware corporation ("Rock Island"), have previously entered into a Lease of Railroad Equipment dated as of May 1, 1971 (the "Lease"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Lease was filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on August 16, 1971 and assigned Recordation No. 6283; and

WHEREAS, Rock Island filed with the United States District Court for the Northern District of Illinois, Eastern Division (the "Reorganization Court"), a petition for reorganization pursuant to Section 77 of the Bankruptcy Act on March 17, 1975; and

WHEREAS, pursuant to Order No. 9 entered on April 25, 1975 by the Reorganization Court, Trustee assumed and affirmed the Lease on April 25, 1975; and

WHEREAS, United States and Trustee intend to enter into a financing agreement ("Financing Agreement") by which the Secretary will guarantee certain obligations of Trustee with respect to certain leased railroad

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equipment being rehabilitated by Trustee (the "Leased Equipment") which is a part of the railroad equipment described and identified in Schedule A to Exhibit A hereof; and

WHEREAS, in order to secure the payment of the obligations contained in the Financing Agreement, execution and delivery of this Lease Assignment has been made a condition precedent to execution of the Financing Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. Trustee hereby assigns to United States the entire leasehold interest in the Leased Equipment described in Exhibit B attached hereto and made a part hereof.

2. The term of this Lease Assignment shall commence forthwith and shall continue as to each item of Leased Equipment until the Lease or the Financing Agreement is terminated, whichever is earlier.

3. Except as provided in paragraphs 5, 6, 7, 8 and 9 hereof, this Lease Assignment is subject to all of the terms and conditions of the Lease. Trustee shall duly and punctually perform, when due, all of the agreements and obligations under or pursuant to the Lease. This Lease Assignment shall not relieve Trustee from any of these obligations under the Lease.

4. So long as Trustee shall have the right to possession of the Leased Equipment in accordance with the Lease and the Financing Agreement, he shall be entitled, as against the United States, to manage, operate, use, enjoy and be suffered and permitted to remain in the actual and undisturbed possession of the Leased Equipment, to receive, take and use all rents, incomes, issues, tolls, profits and proceeds thereof and to exercise any renewal or purchase options.

5. If an event of default shall occur under the Lease, the Lessor shall promptly notify the Administrator in writing of such event; then the Administrator shall at the Administrator's sole option be entitled to and shall succeed to all the right, title and interest of the leasehold interest in any of such Leased Equipment, described in Exhibit B, as the Administrator may designate in writing to the Lessor not more than sixty days after notice of such event of default by the Lessor, and by such designation the Administrator shall assume the Lease obligations, relative to any such Leased Equipment, accruing subsequent to receipt by the Administrator of such notice.

6. If an event of default (other than a default under the Lease) shall occur under the Financing Agreement and notice of such event shall have been furnished to the Lessor, then the Administrator shall at the Administrator's sole option be entitled to and shall succeed to all the right, title and interest of the leasehold interest in any of such Leased Equipment, described in Exhibit B, as the Administrator may designate in writing to the Lessor not more than sixty days after notice of such event of default to the Lessor, and by such designation the Administrator shall assume the Lease obligations, relative to any such Leased Equipment, accruing subsequent to the date of such notice.

7. The Administrator's right to possession and use of any equipment under this Lease Assignment shall not be affected by any rights (including rights protected under Section 77(j) of the Bankruptcy Act) which the Lessor might have by virtue of a default by the Trustee on any of the Trustee's obligations under the Lease, and the Administrator (or the Administrator's approved sublessees) shall have the right to possess and use or to continue to possess and use such equipment provided all obligations,

including but not limited to maintenance obligations and the obligation to make lease payments (prorated for the actual number of cars that the Administrator possesses) under the Lease (with respect to equipment which the Administrator possesses) are fully satisfied as they become due.

8. Notwithstanding any terms or conditions of the Lease, the Administrator shall have the right to sublease such equipment as the Administrator takes possession of pursuant to paragraphs 5 and 6 hereof, provided the Administrator remains fully liable to the Lessor under the Lease, and provided further that any sublease under this paragraph

- a) shall require the sublessee to furnish to the Lessor copies of all notices and reports required to be given by the lessee under the terms of the Lease, including but not limited to statements changing the identifying numbers of the subleased units (Section 5), notices concerning units suffering casualty occurrences (Section 7), and annual and other reports (Section 8); and
- b) shall require the sublessee, in the event any of the subleased units shall suffer a "Casualty Occurrence" as defined in Section 7 of the Lease, to pay directly to the Lessor a sum equal to the Casualty Value of such unit in accordance with Section 7 of the Lease and upon receipt of such sum the Administrator shall be released from the Administrator's corresponding obligation under the Lease.

It is agreed that the Lessor shall have the first option to sublease from the Administrator such equipment as the Administrator takes possession of pursuant to paragraphs 5 and 6 hereof, under substantially the same

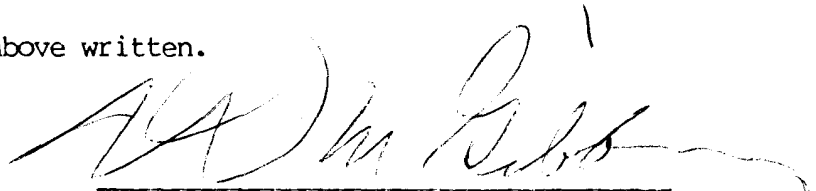
terms and conditions as a sublease may be offered to others and the Lessor shall have 15 days from the date of notice of any such sublease to exercise the option herein granted.

The Administrator's sole responsibility with respect to subparagraph a) of this paragraph is to require the provision of such notices and reports in its subleases and use reasonable efforts to enforce such requirements.

9. The parties hereto agree that the Trustee shall file this Lease Assignment and the Administrator shall file any subsequent sublease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

10. This Lease Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and this Lease Assignment may not be modified unless such modification is consented to by the Administrator in writing.

IN WITNESS WHEREOF, Trustee, United States and Lessor, pursuant to proper authority, have caused these presents to be signed in their respective names and their respective seals to be hereunto affixed, duly attested, as of the day and year first above written.



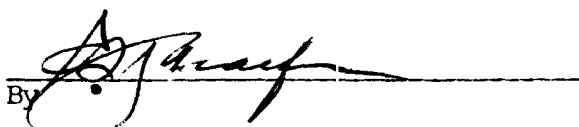
William M. Gibbons, Trustee of the
Property of Chicago, Rock Island and
Pacific Railroad Company

United States of America
by the
Secretary of Transportation
Acting through
The Administrator of the
Federal Railroad Administration

ATTEST: 

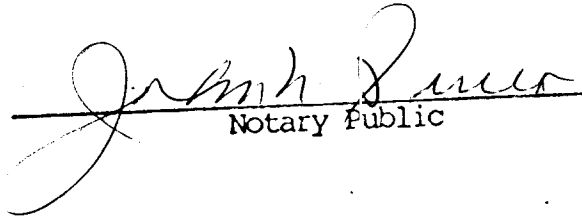


Union Pacific Railroad Company

By 

STATE OF ILLINOIS)
COUNTY OF COOK) SS.

On this 15 day of Sept, 1978, before me personally appeared William M. Gibbons, to me known to be the person described in and who executed the foregoing instrument, who being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, and he acknowledged that he executed said instrument as his free act and deed.


Notary Public

(SEAL)

My Commission Expires:

Oct. 26, 1981

DISTRICT OF)
) SS.
COLUMBIA)

I, Ray Boyle, a notary public in and for
the District of Columbia, DO HEREBY CERTIFY that John M. Sullivan
_____, personally known to me to be the Administrator
of the Federal Railroad Administration, and personally known to me to be
the same person whose name is subscribed to the foregoing instrument as
such Administrator, appeared before me this day in person, and, being by
me duly sworn, said and acknowledged that he is the Administrator of the
Federal Railroad Administration, that he signed, affixed thereto the seal
and delivered said instrument as Administrator of the Federal Railroad
Administration on behalf of the United States of America, pursuant to
authority given by the Secretary of Transportation (49 CFR 1.49(u)) as
his free and voluntary act, and as a free and voluntary act and deed of
the Secretary of Transportation and the United States of America, for the
use and purposes therein set forth, and that the seal affixed to said
instrument is the seal of the Federal Railroad Administration.

GIVEN under my hand and notarial seal this 2/5/78 day of Sept,
A.D., 1978.

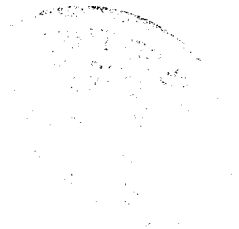
Ray Boyle
Notary Public

(SEAL)

My Commission Expires: My Commission Expires May 1, 1982

STATE OF NEBRASKA)
) SS.
COUNTY OF DOUGLAS)

On this 31st day of July, 1978, before me personally appeared C. B. Schaefer, to me personally known, who, being by me duly sworn, says that he is Vice President-Law of Union Pacific Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



J. F. Harnett
Notary Public

(SEAL)

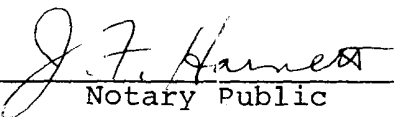
My Commission Expires: June 8, 1979

STATE OF NEBRASKA)
) SS.
COUNTY OF DOUGLAS)

On this 31st day of July, 1978, before me personally appeared C. B. Schaefer, to me personally known, who, being by me duly sworn, says that he is Vice President-Law of Union Pacific Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(SEAL)



Notary Public

My Commission Expires: June 8, 1979